

# TENNESSEE REGULATORY AUTHORITY

Melvin Malone, Chairman  
Lynn Greer, Director  
Sara Kyle, Director



RECEIVED  
REGULATORY AUTHORITY

460 James Robertson Parkway  
Nashville, Tennessee 37243-0505

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OFFICE OF THE  
EXECUTIVE SECRETARY

April 3, 2000

Mr. James J. Mullholland  
Manager, Natural Gas Programs  
FORD MOTOR COMPANY  
One Parklane Boulevard  
Suite 1500 East  
Dearborn, MI 48126-2477

Dear Mr. Mullholland:

This is in receipt of your letter, dated February 23, 2000, concerning the Ford Motor Company's Nashville Glass Plant and the pending rate case for Nashville Gas Company.

The Tennessee Regulatory Authority will accept your letter into the correspondence file of Docket Number 99-00994; however, this does not constitute a formal intervention in this case.

As you know, the Authority must conduct this proceeding and render a decision based on the evidence presented in the case. The Authority will not make a decision until a record has been compiled in this docket. If Ford would like to participate in the formal proceeding, you should exercise your option to intervene as a party to the proceeding and provide supporting information at the hearing.

If you need clarification or additional information feel free to contact my office at (615) 741-2904, extension 142.

Sincerely,

David Waddell  
Executive Secretary

99-00994

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4-4-00

FEB 29 2000



ENERGY & WATER DIVISION

Ford Motor Land Services Corporation

One Parklane Boulevard  
Suite 1500 East  
Dearborn, MI 48126-2477

February 23, 2000

Mr. Melvin Malone  
Chairman  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37243-0505

Dear Mr. Malone:

Since March 1, 1993 Ford Motor Company's Nashville Glass Plant has transported natural gas to that facility under the terms of a rate negotiated with Piedmont Natural Gas Company. The rate recognized both the distressed economic conditions of the plant and the viable alternative of a bypass. The Tennessee Public Service Commission on April 6, 1993 approved the original contract. Ford negotiated a successor contract that extended the negotiated rate until October 31, 2000.

Under the terms of these contracts, neither party can request the Tennessee Regulatory Authority to change the rate. The intent was to preserve the negotiated rate for the duration of the contract. We were quite disappointed when in January 1997, Ford rates were increased by the Regulatory Authority due to a Piedmont rate case. Ford had been told that Piedmont had excluded it from the filing. Ford negotiated these rates in good faith with Piedmont as an alternative to the construction of a bypass. Rate changes mandated by the Regulatory Authority effectively negated the negotiated rate.

The economic situation at Nashville Glass has not improved since the original bypass deferral contract in 1993, and bypass remains a viable alternative. Based on the proposed Piedmont rate filing, we request the Tennessee Regulatory take no independent action to increase the rates contained in the present Gas Redelivery Agreement between Piedmont Natural Gas Company and Ford Motor Company.

Please contact me at 313.594.7089 with any questions or comments.

Very truly yours,

James J. Mulholland  
Manager, Natural Gas Programs  
Energy Efficiency & Supply

cc: R. A. Cucchi (Ford Motor Company)  
P. Mehra (Ford Motor Land Services Corporation)  
J. P. Zietz (Ford Motor Company)  
M. Horn (Tennessee Regulatory Authority)  
D. Waddell (Tennessee Regulatory Authority)  
J. M. Vitucci (Nashville Glass Plant)